

Message Text

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17

ACTION EA-09

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 L-03 H-02 PA-02 PRS-01 AGR-10 /108 W

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R 270850Z JAN 76

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 2389

INFO AMCONSUL MEDAN

AMCONSUL SURABAYA

UNCLAS JAKARTA 1161

E.O. 11652: N/A

TAGS: ECON, ID

SUBJECT: JAKARTA RICE PRICES

REFS: A STATE 01301 (NOTAL), B 75 JAKARTA 13421, C 75 JAKARTA 13558

1. IN RESPONSE TO QUERY IN DEPARTMENT'S REF A ABOUT 42-45 PERCENT INCREASE IN JAKARTA RICE PRICES DURING LAST TWO MONTHS OF 1975, THIS IS NOT UNUSUAL DEVELOPMENT OR CAUSE FOR SPECIAL CONCERN. RICE PRICES IN INDONESIA TRADITIONALLY RISE BY ABOUT 30-40 PERCENT MORE THAN OTHER PRICES BETWEEN SEPTEMBER AND FEBRUARY, AND THEN DROP AGAIN. SINCE PRICES OF NON-FOOD COMMODITIES INCREASING AT ABOUT ANNUAL RATE OF 20 PERCENT CURRENTLY, RECENT INCREASE IN RICE PRICE NOT ABNORMAL.

2. GOI'S NEW FLOOR PRICE INCREASES ANNOUNCED OCTOBER 29 (SEE REFS B, C) WHICH TAKE EFFECT FEBRUARY 1, MAY ALSO HAVE CONTRIBUTED TO RETAIL PRICE INCREASES IN RECENT MONTHS, AS FARMERS AND MERCHANTS INCREASE PRICES IN ANTICIPATION OF HIGHER FLOOR PRICES.

3. NEW FLOOR PRICE POLICY IS DESIGNED TO RAISE PRICE OF MEDIUM QUALITY MAILED RICE SOLD BY BUUD COOPERATIVES TO BULOG FROM RP. 97 TO RP. 108 PER KILO DURING HARVEST SEASON, WHICH WOULD

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RESULT IN RETAIL, REPEAT RETAIL PRICE LATER IN YEAR IN EXCESS

OF RP. 120 A KILO. THIS IS CLOSE TO CURRENT RETAIL PRICE IN
JAKARTA. SHOULD ALSO NOTE CURRENT BANGKOK FOB EXPORT PRICE
EQUIVALENT TO ABOUT RP. 115/KG FOR MEDIUM QUALITY MILLED RICE.

4. BULOG IS NOW DROPPING RICE FROM ITS AMPLE STOCKS TO KEEP
PRICE AT ABOUT CURRENT LEVEL, AND WE ANTICIPATE THAT IT WILL
CONTINUE TO BE ABLE TO DO SO.

NEWSOM

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